



February 4, 2016

El Paso Electric Files a Joint Stipulation in the Four Corners Abandonment/Sale

NMPRC Case No. 15-00109-UT

EL PASO, Texas--(BUSINESS WIRE)-- On February 2, 2016, El Paso Electric Company (EPE) (NYSE: EE) filed a joint stipulation with the New Mexico Public Regulation Commission (NMPRC or Commission) reflecting a settlement agreement between Commission Utility Division Staff (Staff), EPE and the New Mexico Attorney General (NMAG) proposing approval of abandonment and sale of its seven percent minority ownership interest in Four Corners Units 4 and 5 and common facilities to Arizona Public Service Company (APS). The joint parties agree that the sale of Four Corners is in the public interest and will provide net benefits to customers and the public. EPE will meet with all parties to the proceeding to discuss this proposed resolution.

The Company filed its application with the NMPRC on April 27, 2015 requesting all necessary approvals in order to withdraw as a participant in the plant and to sell its seven percent ownership interest to APS. The case is scheduled to go to hearing on February 16 -18, 2016, with a final order expected in the first half of 2016. The hearing is expected to address the proposed joint stipulation and resolve matters related to the sale, including the rate treatment for estimated decommissioning and mine reclamation costs, certain lease payments as well as certain unfunded employee benefits costs. No significant gain or loss is expected to be realized upon closing. The Federal Energy Regulatory Commission has authorized the proposed transaction request. EPE expects the sale to close in the summer of 2016.

"We are pleased with the progress that has been made towards reaching a settlement in this case with those parties who represent the public interest as well as the interests of the Company's residential and commercial customers in New Mexico," said Mary Kipp, El Paso Electric CEO. "El Paso Electric has been working towards becoming a coal-free utility by diversifying its generation portfolio and investing in local generation resources. We will continue to provide clean, safe, reliable and cost-effective energy to our customers."

El Paso Electric is a regional electric utility providing generation, transmission and distribution service to approximately 400,000 retail and wholesale customers in a 10,000 square mile area of the Rio Grande valley in west Texas and southern New Mexico. El Paso Electric has a net dependable generating capability of 2,010 MW.

Safe Harbor

This news release includes statements that may constitute forward-looking statements made pursuant to the safe harbor provisions within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The statements in this news release that are not historical statements, including statements regarding the expected effect of the settlement agreement on EPE's earnings and the expected timing of the case's resolution, are forward-looking statements within the meaning of the federal securities laws. This information often involves risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the failure to obtain NMPRC approval; the ability of other parties to contest the joint stipulation; uncertainties and instability in the general economy and the resulting impact on EPE's sales and profitability; and other factors detailed by EPE in its public filings with the Securities and Exchange Commission. EPE's filings are available from the Securities and Exchange Commission or may be obtained through EPE's website, <http://www.epelectric.com>. Although El Paso Electric believes that the expectations reflected in such forward-looking statements are reasonable, no assurances can be given that these expectations will prove to be correct. Any such forward-looking statement is qualified by reference to these risks and factors. EPE cautions that these risks and factors are not exclusive. EPE does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of EPE except as required by law.

View source version on [businesswire.com](http://www.businesswire.com): <http://www.businesswire.com/news/home/20160204006234/en/>

El Paso Electric Company

Public Relations:

Eddie Gutierrez, 915-543-5763

eduardo.gutierrez@epelectric.com

or

Investor Relations:

Lisa Budtke, 915-543-5947

lisa.budtke@epelectric.com

or

Richard Gonzalez, 915-543-2236

richard.gonzalez@epelectric.com

Source: El Paso Electric Company

News Provided by Acquire Media